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**THE CRISIS OF UNEMPLOYMENT AND  
 HUMAN RESOURCES MANAGEMENT**

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## I. INTRODUCTION

1. The area of employment and general human resources utilization and management is perhaps the most neglected and misunderstood in African development planning. Very few development plans have built into them objectives of employment creation, general human resources utilization and productivity. In the day-to-day management of the African economy, human resources do not appear to be sufficiently considered as the critical factor in efficiency and high productivity. Consequently, their quantitative impact on the pace of development through employment, and their qualitative contributions through high performance and productivity on the job, tend to be accorded low priority in economic planning and management. Yet human resources are the true engines of growth and development by virtue of their being the agents responsible for creating all other inputs required for socio-economic transformation.

2. What do we mean by "human resources"? They are the totality of skills, knowledge, attitudes and resourcefulness available to an economy for the manipulation of natural and physical resources towards the production of goods and services. The quantity and quality of these goods and services available to any society correlate positively with the quality and quantity of existing and active human resources within that society. Expressed differently, human resources would describe the totality of mental and physical effort required to produce socially and economically valuable outputs. They go under various terminologies when discussed as inputs to the production process: labour, manpower, employment.

3. As is well known, the system within which goods and services are produced in Africa is markedly different from that in which production takes place in developed societies. Consequently, human resources in Africa participate in production in ways that are different from the known forms of participation in the developed countries. This is so because only 15 to 20 per cent of the African economy is completely monetized, and because of the presence in African economies of a large informal sector in urban areas. Some 85 per cent of the African labour force - members of the working age population who are willing and able to work, who are at work or who are actively seeking work - are engaged in subsistence/agricultural activities. They produce goods and services which are of social, cultural and economic value to their communities although they may not receive pay or profit in cash for their labour. In the informal sector between 5 and 10 per cent of the total labour force in many African countries is engaged in the production of low value goods using low level technology and relatively low production inputs. Their wage and profit levels are low, but they do provide a source of livelihood to millions as well as some production inputs and services to the formal and subsistence sectors. In the formal sector are to be found public and private enterprises and the parastatals. It is mainly urban based, characterized by a

highly structured method of operation, completely monetized and has the highest wage and salary levels in the entire economy. No more than 5 to 10 per cent of the African labour force is engaged within it.

4. This reality of African labour markets dictates the policy and programme priorities required for optimizing the management and utilization of human resources within the continent. Employment creation policies would ignore the needs of the vast majority of the African labour force if they concentrated only on the formal sector, wage labour market. To respond to national rather than sectoral employment needs, the scope of these policies would have to be broadened to accommodate all those looking for opportunities to be, or who already are, engaged in the production of socially and economically valuable goods and services in the subsistence, the informal and the formal sectors.

5. Unfortunately, this has, so far, not been the case in most African countries. Over the years, the incidence of open unemployment - which describes persons willing and able to work, and seeking work without success - has increased dramatically on the African continent, whilst levels of productivity among the workforce has declined drastically. The latter condition is associated with underemployment which is brought about by factors such as poor health, unsalutary production environment and methods, shortage of production inputs and poor management practices.

6. This paper will review the reasons for this poor record in human resources management and utilization, give a prognosis of the employment and human resources situation in the years ahead, and propose a course of action to pre-empt the likelihood of a human resources disaster in Africa.

## II. UNEMPLOYMENT AND UNDERUTILIZATION OF HUMAN RESOURCES IN AFRICA:

### THE EVIDENCE AND THE CAUSES:

7. Unemployment emerged as a real socio-economic problem in Africa only relatively recently, i.e., some 15 to 20 years ago. With the growth of the urban formal sector wage economy in the years after independence and the rural/urban imbalances caused by development strategies in the 1960s and 1970s, rural to urban migration trends have intensified over the years.<sup>1/</sup> This heavy flow of rural migrants to the urban, formal wage sector of African economies, combined with poor development investment policies which failed to create adequate opportunities for employment in the formal sector wage labour market, to create serious imbalances between the supply of and the demand for wage labour in African countries. Educational policies also played their part in compounding the open unemployment problem by turning out a large number of primary and secondary school graduates who for the most part had only basic literacy and numeracy skills to offer in an employment market which, with

the growing importance of industry and services, was in need of more educated people with much higher skill levels.<sup>2/</sup> High population growth rates in the early 1960s meant that by the mid-1970s, a large number of youth were ready to enter the labour force in African economies in search of employment.

8. No serious attention appeared to have been paid to the various warnings that came from the United Nations, and especially ILO, the growing demands for more wage employment in Africa and the need for more conscious employment generation policies and programmes to be formulated to absorb a growing African wage labour force. ILO, in particular, and the United Nations family in general assisted with development programmes and projects in African countries that would boost the demand for labour, through the implementation of labour-intensive, as opposed to capital-intensive projects, the encouragement of investment in certain projects that were high in labour demand, such as public works and construction projects, and rural development projects.<sup>3/</sup>

9. These and other measures undertaken jointly by individual African Governments and United Nations agencies have not seemed to have been sufficient to attack the growing problem of unemployment in Africa. As revealed in the table below, 10 million Africans, or 7.1 per cent of the entire labour force were openly unemployed in 1975. By 1980, the absolute numbers of unemployed had increased to 12 million persons, although they represented a smaller proportion of the labour force, only 5.3 per cent. However, between 1980 and 1984, there was an alarming increase in the incidence of open unemployment, which shot up by 63 per cent, from 12 million to 20.1 million workers; the latter figure representing 10.1 per cent of the entire continent's labour force.

Employment and underemployment trends in Africa, 1975-2000

Year	1975		1980		1984		2000	
	Millions	% of the labour force	Millions	% of the labour force	Millions	% of the labour force	Millions	% of the labour force
unemployment	10	7.1	12	5.3	20.1	10.1	33	8.6
Underemployment	53	37.2	60	40	94.8	47.4	203	70.8

Source: From data in ILO, Employment growth and basic needs, 1976; and ECA estimates, 1985.

#### A. Climatic conditions and the decline in agricultural productivity

10. This dramatic increase was brought about by the unfavourable climatic conditions, which caused drought, desertification and famine and which displaced millions of people from production activities mainly in agriculture. Had these unforeseen and adverse conditions not emerged, only 15.6 million workers or 7.8 per cent of the labour force would have been unemployed in 1984. The increase over the figure for 1980 would have been due to the poor performance of African economies and depressed productivity in all production and economic sectors which resulted in high levels of unemployment caused by aggregate demand deficiency. But with the intensification of the adverse climatic conditions in 1983 and 1984, over 10 million persons, of whom some 45 to 50 per cent were farmers, pastoralists and rural workers were displaced from production activities in rural areas. 4/ In the arid and semi-arid zones of the region, some 20 to 30 per cent of the animal herd were lost, as a result of a reduction of over 25 per cent of the useable area of pastoral lands. This was a consequence of the prolonged drought, which also destroyed agricultural soils and vegetal cover, thereby leaving a large number of peasant farmers and pastoralists with very little or nothing to do by way of agricultural production activities.

11. Most of the affected workers moved, voluntarily or involuntarily, to food centres and to resettlement or refugee camps in their own country or across national borders. A number migrated to urban areas where they eked out a living through begging for the most part or, for the more fortunate few, through engagement in menial jobs in the informal sector.

12. What all this means is that the adverse climatic conditions in 1983 and 1984 pushed out millions of agricultural producers, who under normal conditions would have been engaged in normal rural/agricultural production activities, and added them to the large numbers of the openly unemployed in the formal wage sector of African economies.

13. Underemployment, which denotes relatively low productivity, also increased significantly as a result of the poor conditions in rural areas and agricultural production. In 1980, 60 million workers in agriculture were estimated to be underemployed. By 1984 unfavorable conditions had pushed up this figure to 94.8 million people, representing 47.4 per cent of the labour force. 5/

14. This sharp increase in underemployment within the region was contributed to by the impact on the health and nutrition of the continent's workers, of drought, desertification and famine. Approximately 30 million persons suffered from poor health and the effects of malnutrition. 6/ Of this number, about 12.3 million 7/ were workers engaged in the production of agricultural goods and the provision

of services. Their health and nutrition conditions negatively affected their productivity levels. Adverse production conditions in agriculture also severely limited production capabilities and, consequently, output levels of the rural labour force.

15. Underemployment in the formal wage sector of the African economies is not easy to capture. However, using proxy data, it was estimated to have affected 20 per cent of all employees in the public and private sectors and in the parastatals in 1983.<sup>8/</sup> There is reason to believe that this figure may have increased significantly as a result of the poor performance of the African economies in 1984.

#### B. The economic downturn and its impact on human resources

16. Labour is a demand derived from the demand for goods and services. If demand for the latter drops, it is logical to expect that demand for labour would also decline. Conversely should there be high demand for goods and services and stepped up economic activities to meet this demand, the labour demand would increase and, depending on the supply situation and the characteristics of the labour force, would minimize unemployment and maximize employment. In other words, a buoyant economy should, barring technology change unfavourable to labour and an equally unfavourable shift in the capital/labour mix in production, result in high levels of employment generation and would demand higher levels of worker productivity.

17. As has been well documented elsewhere, the African economy has declined steadily since 1980 as a result of a number of factors: the climatic situation, drought and desertification which have negatively affected production and productivity in agriculture and consequently caused an indirect, negative impact on other production and service sectors such as transport and industry; acute balance-of-payments problems, declining export earnings and dramatic increases in external indebtedness which have placed severe strains on investments in development projects, and brought about foreign exchange difficulties whose effects have had a serious impact on the procurement of certain vital inputs for industrial production; the decline in industrial output, itself caused partly by poor performance in other sectors and an unfavourable international economic climate, but mostly by internal inefficiencies which have contributed significantly to depressing productivity levels; poor development management in the public sector and parastatals which have been translated into ineffective policies and programmes, poor human resources management practices and wrong investment choices.

18. These factors combined to bring about a decline in gross output in 1983 in the order of 0.1 per cent, and only a marginal growth of 1.8 per cent in 1984.<sup>9/</sup> Increase in agricultural production was a mere 0.4 per cent in 1983 and in all likelihood was negative in 1984. Industrial output also fell by 1.2 per cent in 1984.<sup>10/</sup>

19. These harsh realities have had their negative impact on employment and on incomes. As regards the latter, it is estimated that real per capita income on the continent has been on the decline since 1980 at an average rate of 4.1 per cent per annum.<sup>11/</sup> Industrial capacity utilization fell drastically in most African countries. Between 1980 and 1983, capacity utilization in the United Republic of Tanzania and Nigeria for example fell by 57 per cent and 50 per cent respectively.

C. Underemployment and human resources mismanagement in the formal sector

20. Productivity decreases of these magnitudes severely affect the demand for labour and either cause open unemployment or bring about a high incidence of underemployment and worker idleness. Lay-offs from establishments in all the production sectors have been rife in the last two years and a good number of industrial establishments have simply had to shut down operations and turn away large numbers of workers. Among the workforce, especially in the parastatals and the private sector, worker productivity declines have been exacerbated by the shortage of production inputs which was caused by severe foreign exchange problems. These problems made it difficult for production inputs to be imported from outside to keep industries and services running at maximum capacity. Energy problems also played their part in increasing underemployment or low productivity in the formal wage sector of African economies; either the costs of import requirements were too high to be met by the tightened budgets of African Governments, or in countries such as the Ivory Coast and Ghana, which provide a good percentage of their own energy requirements through the generation of hydro electricity, poor rains had caused the dam water levels to drop below operational limits. Machines could not be operated at full capacity; transport systems were dislocated, thereby affecting the marketing and distribution of goods; and services were affected. All these led to more worker idleness, less productivity and higher underemployment.

(a) Overmanning

21. In the public sector, overmanning is a major cause of underemployment. It is understandable that for political reasons, creating job openings is a major concern in government and state-owned enterprises. The political objectives may have to do with achieving a politically desirable balance in tribal, ethnic or religious representation in government, or simply to pre-empt the political consequences of high educated unemployment. Whatever the reason may be, the result has been a staffing pattern that reduces worker efficiency and productivity in the public service. The World Bank reports annual growth in African government employment ranging from 5 per cent (Kenya) to as high as 15 per cent (Zaire).<sup>12/</sup> In some cases, growth has been necessitated by a genuine expansion of government services. For example, the boom in educational and health services has given rise to the employment

of large numbers of teachers, health workers and allied staff by African Governments over the years. However, in most cases, hiring has been dictated by the need to absorb the large annual additions to the labour force. This has resulted in over-bloated bureaucracies and diminished marginal productivity. According to a World Bank study, as much as 42 per cent of government employees in one African country could be laid off without reducing productivity or output.<sup>13/</sup>

(b) Management inadequacies

22. Certain management policies and practices also contribute their share in depressing employee output. Chief among these is the incentives system of most African public services. Salaries are so low that public sector workers spend a good part of the working day in activities not related to those for which they are employed, but which would supplement their meagre salaries. Motivation through the award of non-pecuniary benefits also requires attention from the managers of Africa's public services. Promotion based on criteria other than merit or efficiency is common within the continent and contributes significantly to low employee morale which impacts negatively on employee productivity.

(c) The brain drain

23. These and other social and political realities have contributed to creating and exacerbating the phenomenon known as the "brain drain". Many high and middle-level technical, scientific and managerial staff have been pushed out of African economies because of social, economic and political reasons. Most of them have carried their expertise to developed world economies where they now make significant contributions to the further development of their countries of residence. Some 10 years ago, when conditions on the continent were relatively more attractive than they now are, over 14,000 African scientists, engineers, doctors and teachers were known to be employed in the United States of America and the United Kingdom alone.<sup>14/</sup> These figures would be staggering if similar data were available for professional Africans in France, Belgium, the Scandinavian countries, Canada and the Middle Eastern countries. It is reasonable to assume that with the deteriorating socio-economic conditions in Africa since that time, the numbers of professionals lost to the continent should have become much greater today.

24. This reality describes one side of the human resources management and utilization problem in Africa, for it is a result of failure or inability of the public sector to retain within the economy large numbers of very scarce skills. In terms of the opportunity costs, the continent is the net loser: after having invested large amounts to educate, train and bring up these people, African Governments utilize them in such a way as to encourage them to prefer to hire out this skills elsewhere. As an example of the size of the leakage which the brain drain constitutes to African economies, it is worthwhile citing the estimated gains



accruing to the receiving countries: a United States Government study estimated that, through the importation of already skilled manpower from the third world mainly, that country saved \$883 million in educational costs, while the countries of origin of these immigrants lost at least \$320 million, representing the amount they invested in educating and training these people.<sup>15/</sup> The gains of the receiving country in incomes and output and the loss of the sending countries in productivity inputs foregone are high. African countries' share in this loss is immense.

(d) The refugee problem

25. Another result of poor human resources management and utilization policies and practices within the continent is the high numbers of refugees and political exiles within the continent. Civil strife, wars, disasters, natural calamities and difficult political conditions have brought about this disturbing situation in Africa. Between 1970 and 1980, the African refugee population grew fivefold from 1 million to over 5 million persons.<sup>16/</sup> Most refugees typically tend to be considered as dependents and a liability to receiving countries, contributing little to production and growth within the continent.

(e) Government policies and the informal sector

26. The informal sector has, as it were, by default, thrived as a promoter of employment in African countries. Millions of new labour force entrants join it every year. Although it is an employer of last resort, it does provide goods and services, and training and incomes to a significant percentage of Africa's labour force. Between 15 and 25 per cent of urban workers in African countries are engaged within it. With the economic downturn and the ensuing shortage of job opportunities, it is likely that employment in the informal sector would have increased significantly in 1983 and 1984. Unemployment is assumed not to exist in that sector, and labour force participation within it is assumed to be only in the form of employment.<sup>17/</sup> However there is a high occurrence of worker underemployment within it. This condition manifests itself through low wages, rudimentary production inputs and uncertainty of incomes.

27. Generally, government policies and programmes tend to ignore the informal sector at best. At worst, they are outright hostile to it. In the process, a very resilient and innovative sector is denied the possibilities of developing to its full potential. As a matter of policy the informal sector should be given all the leverage to expand its operations and provide more employment opportunities and training to the urban labour force.

## III. OUTLOOK FOR THE FUTURE

28. ECA estimates and forecasts indicate that the effects of the economic and social crisis in Africa will continue to be felt in African countries through 1985 and possibly well into 1986. Shortfalls in food requirements will in fact double from 3 million to almost 6 million tons in 1985. No significant growth in output is envisaged in the industrial, energy and mining sectors.<sup>18/</sup> This means that effective labour demand will at best remain constant at present levels, and at worst decline in 1985 and 1986. In terms of numbers, the open unemployment situation will worsen considerably. Some 20 million young people will enter the labour force for the first time. Most would do so in the agricultural sector, but at least 3 million from among them will be seeking wage employment in the formal sector of the economy. The present pool of unemployed will definitely not be reduced, which means that open unemployment in the next two years will stand at between 16 and 17 million persons throughout the continent.

29. The situation as regards utilization of human resources will in fact deteriorate, especially in the rural areas where the shortage of seed and other production inputs will continue to be felt, and will severely limit production capacity in agriculture. This, coupled with the residual effects of drought and famine on the health of rural populations and rural-urban shifts will mean that a good amount of man/months will be lost in agricultural production.

30. One of the effects of these adverse conditions will be the acceleration of the brain drain. This situation will be brought about by the difficulties of living from day-to-day in deteriorating social and economic circumstances in African countries and the inconveniences which will be caused by the more stringent public security measures which will inevitably follow. A drain on the continent's human resources is therefore to be expected. The more helpless victims of the African crisis will prefer to declare themselves as destitute and join the many refugee camps which have proliferated all over the continent. This will cause further strains on economies and social services of receiving countries and will only compound the problems of recovery facing African countries individually and collectively.

31. The cumulative effect of all these adverse conditions on the performance of African economies will surely be debilitating, and the underutilization of labour will constitute a significant factor in depressing productivity levels within the African economy. For although labour is a derived demand, its contribution to productivity helps create more demand for employment. It is definitely an important variable in the growth equation and therefore needs to be treated more consciously as such in African development planning models. The need for this to be translated into action projects and programmes is more urgent today than ever before, because only by harnessing all inputs required for economic recovery within the continent will

Africa hope to extricate itself from the present socio-economic morasse in which it finds itself. Such a move requires, of necessity, that policies, programmes and projects be devised which would increase the degree to which Africa's human resources are utilized towards higher productivity levels and to reduce the growing incidence of unemployment within the continent.

#### IV. PROPOSAL FOR PRACTICAL MEASURES

32. There are several ways in which human resources utilization efforts could be stepped up in African countries. Much has already been said and written about employment creation policies and programmes in African countries. Sound as some of the proposals and projects have been, they have not made a noticeable dent in the problem of unemployment and underemployment within the continent. Some fresh rethinking of employment promotion and general human resources utilization policies, and options for a redirection is urgently called for.

##### A. Reconsidering human resources policies

33. The first area of need is for outdated employment policies evolved since the years after independence to be reviewed and reformulated to face unemployment and underutilization of human resources more squarely, more rationally and with more lasting results. Formal sector employment creation should be a priority and measures to improve incomes, productivity and more social investments in rural areas should be strengthened. In the process, policies and programmes should be evolved that would make production and living in rural areas more attractive to the rural dweller, thereby helping to stem the tide of rural-to-urban migration.

34. Initially, employment policies in Africa were formulated to meet political objectives by providing "jobs to the boys" and replacing as many of the expatriate colonial staff as possible with African nationals. Now that most of that policy objective has been met, it is necessary to shift emphasis to the implementation of socio-economic development objectives of human resources utilization. To do so requires action in the following areas.

35. Policy concerns should centre first and foremost on the need to provide more employment opportunities for workers in the formal sector wage-labour markets. This is dictated by the fact that formal sector activities are located for the most part in urban centres where opportunities for subsistence are few and where the impact of unemployment on incomes, earnings and even possibilities for survival could be devastating both to the individual concerned and to his family. Over 95 per cent of the openly unemployed are found in urban areas. In percentage terms, they represent some 30 per cent of the urban labour force today and will grow significantly in

numbers in the years ahead unless concerted efforts are made by governments to check this development. Apart from the devastating psychological effects which unemployment has on those affected, there are also the undesirable social side-effects of crime, misery and ill-health which place enormous strains on available services. With the present difficult economic circumstances, further investments and expenditures to provide more facilities for prisons, hospitals, police, etc., would represent a waste of resources which could be used in employment generation activities. Policy priority should therefore aim at reducing the numbers of unemployed in urban areas who place a strain on social services, cause urban problems such as the emergence of slums and shanty towns, and provide a haven for alcoholism, crime and other social evils.

36. Related to this important objective is the need for human resources utilization policy to have as a concern the maximization of productivity and incomes in Africa agriculture. Implementing this objective kills two birds with one stone: first it reduces under-employment in subsistence agriculture; secondly, it creates incentives for more of the labour force to stay on in agricultural activities, thereby dampening the "push" effect of rural to urban migration within the continent. Productivity increases are not enough to achieve the latter. They will have to be accompanied by certain social investments such as the provision of electricity, water supply, roads, schools, health care facilities, etc., in order to make staying-on in rural areas worth the while. In the process of providing these services employment opportunities would be created and skill levels would of necessity be raised. Once the basic social and economic infrastructure has been established it would, if managed properly, act as an engine for higher levels of productivity, more employment creation and natural linkage with other production and service areas such as transport and communications, marketing and distribution, banking and insurance, industry, etc.

37. To give meaning to some of these aspirations, policy interventions are required in non-agricultural areas. The important thing is to create linkages so that the effort is not devoid of economic backing, and does not fizzle away after a short period of time. In other words, the revival of agriculture should proceed from the basic policy premise that it must now be the stimulator of growth in all other sectors of the economy. Therefore agriculture should be seen as the main prop of industrial production. This would have implications for industrial choice and the options for the establishment of types of industries in African countries. At the national level such choices should be based on each country's comparative advantage. This does not bar the establishment of certain subregional or regional trade links which would rationalize intra-African trade along the principles enunciated in the Lagos Plan of Action, and ensure a steady supply of agricultural raw materials required for industrial production from within the region. Once again, this policy choice depends on the political will of African policy-makers.

38. The workforce in general and the formal sector workers in particular have to be managed in such a way as to enhance within them qualities of dedication, hard work, devotion and efficiency. This is important if productivity in the public and private sectors or in the parastatals is to be increased. Motivational factors have to emerge in bolder relief within establishment offices and personnel departments, and incentive systems should reflect the fact that remuneration levels, especially in the public sector, represent the purchase of essential services - human resources. They would therefore have to be realigned along the objective to attract and retain the brightest and the best to enhance productivity and efficiency and minimize investment losses through the brain-drain. This new policy objective would also have to be reflected in public service personnel rules and regulations so that they are more facilitative of efficiency enhancement rather than continue as demotivators and depressors of productivity.

#### B. Programmes and projects

39. The present human resources situation in Africa dictates the need for shifting emphasis to investment and employment generation projects and programmes. They have firstly to be redesigned in such a way as to ensure high levels of employment sustainability over much longer periods of time. Secondly, they should be such as to create demand for more goods and services and consequently for more employment in other sectors and other industries. In this respect, it is useful to examine the employment effects of investment in construction as an example.

40. Recent studies on the construction industry in developing economies and its effectiveness in stimulating employment and growth reveal that one unit of final demand in construction can cause two units of aggregate output within the economy. Residential construction can provide up to three man/years of employment: one man/year each on the job, on building materials industries, and on other related industries.<sup>19/</sup> This multiplier effect is severely limited by the structure and character of industrialization in African countries. Building materials and other industries are still relatively undeveloped in the region; consequently, demand for construction materials and equipment have to be satisfied through imports from outside. For example, in 1980, cement, iron and steel requirements in Africa had to be met through imports of 5 million tons and 6.2 million tons respectively, from non-African countries.<sup>20/</sup> What in effect this means is that for every unit of housing under construction in Africa, some 18 man/months of employment is created outside the region. The conclusion from this example is relevant: if employment generation is a priority, everything should be done to endeavour to retain within the continent all possibilities for creating more employment. Building construction as an area of employment creation can be used to maximize employment generation opportunities by creating or strengthening production activities in related industries such as iron and steel, forest industries, cement production, mining and quarrying, etc. It is

this sort of investment direction that can yield lasting results in efforts to optimize employment creation within the continent. It must be a central consideration in employment and investments policies in all production and economic sectors.

41. More specifically, employment generation programmes and projects need to address themselves to urgent measures to deal with the deteriorating human resources situation in African countries. In this, attention must first be directed to rural areas and agricultural productivity. Only by increasing the latter can there be found any hopes of bringing lasting solutions to the disruption of production activities in rural areas, the resultant displacement of large numbers of workers and peasants, and the increase in the incidence of underemployment.

42. The large numbers of refugees and displaced persons should not be treated as social and economic liabilities. The many able-bodied workers among them should be encouraged to engage in resettlement work, building houses, clearing land, constructing roads and bridges and actually farming.

43. The following areas require urgent and immediate attention:

(a) Restoration of agricultural production to food self-sufficiency levels

44. The present food crisis on the continent and its devastating effects on the health, life and even the pride of Africans as a race demand that priority measures should be directed at correcting this undesirable situation with utmost urgency. To do so requires an infusion of capital into the rural production areas, but also the engagement of large numbers of people in activities which they will find psychologically if not economically rewarding. Since production did not become disrupted because of workers refusing to work on the land but because of drought and desertification, it is logical that attention should be paid to tapping other sources of water supply, conserving scarce water supply sources and to restoring depleted pastoral and agricultural lands and vegetal cover in the arid and semi-arid zones of the region. This calls for embarking on civil works projects to exploit underground water, and the continent's vast water reservoirs in its rivers and lakes. Well construction, irrigation and water storage projects are of top priority. They require large numbers of people to be engaged in well-digging, construction of canals, laying of pipes, building of culverts, water tanks and reservoirs, etc. If these types of activities were introduced in African countries not only would the employment and human resources utilization situation improve, but in the process, the infrastructure would be laid which would provide future protection from crises and natural disasters. Other production inputs would have to be produced; and if production of fertilizers, pesticides, herbicides, etc., were stepped up to meet this need, the employment effect would be more than salutary for the formal sector wage labour market.

(b) Expanding the area under cultivation

45. Another major programme objective should be the increase of farm acreage within the continent. At present, the total area of land under cultivation in Africa is 195 million hectares or only 26 per cent of all potentially arable land. Only 55 per cent or 108 million hectares are harvested every year.<sup>21/</sup> Today there are available to every African 1.7 hectares of arable land which he could farm, but only .55 hectares are farmed by him.<sup>22/</sup> Increasing the area under cultivation should be a goal of strategies to mitigate the food crisis. To attain that goal, African countries would have first to identify the bottlenecks which constrain agricultural expansion. These may be poor application of science and technology to agriculture, inadequate application of fertilizers, pesticides, etc., or unavailability to the African farmer of labour saving devices such as implements, tools and machinery. Whatever the reason may be the fact remains that the productivity of human resources in African agriculture is the only condition on which agricultural development can be achieved.

(c) Developing of rural industries

46. Most production methods in rural areas of the continent have not evolved from primitive or even pre-historic times. Yet it is well known that these methods are costly in time, energy and output and do not enhance the optimum utilization of human resources. While it is not desirable to develop them or replace them to an extent that they would impact negatively on the demand for labour in African agriculture, it is nonetheless important to improve upon them so that they lend towards greater efficiency in production. This requires stepping up activities in research and development, and in the production of a wide range of agricultural machinery, tools and equipment. Embarking on such a course of action would, in itself, create high levels of employment in engineering industries in the formal sector. Thus while producing goods and services which would boost agricultural output, employment becomes maximized in a non-agricultural sector. This reasoning should not be confined only to the production of agricultural implements, but also to all strategies aimed at meeting the social and economic needs of rural inhabitants.

(d) Developing and protecting the livestock population

47. The region's livestock population which has always been prone to suffer from a host of animal diseases became quite seriously depleted as a result of the shortage of water and grazing lands in recent years. Hundreds of thousands of pastoralists were thus rendered either completely idle, or severely underemployed. While an improvement in the water availability situation and restoration of the region's pastoral lands would help preserve animal life and health, a wide range of veterinary and medical assistance is required to protect the continent's livestock population from diseases

and nutritional problems. Trypanosomiasis, Africa's biggest cattle killer, infects an area stretching from the Atlantic to the Indian ocean. By eradicating this scourge African Governments could provide more opportunities for the rural labour force to be engaged in agricultural and livestock production activities. Areas now infected - some 6 to 7 million km<sup>2</sup> - could be rendered suitable for crop production and the region could add another 120 million heads of cattle to its present livestock population, with an annual addition of 1.5 million tons in meat production.<sup>23/</sup>

48. A number of other areas could be cited as holding great potential for action of the type that would boost employment and human resources utilization towards greater productivity within the region. They include fisheries development, forestry management and development, desertification and soil erosion control, etc. Intensifying action in these programme areas would have positive economic effects and at the same time increase employment levels within the continent. Also, in attempting to undertake these revitalization programmes, African Governments must renew their commitment to integrated rural development for the promise it holds for raising productivity levels and standards of living, satisfying the basic needs of rural populations and arresting the flow of workers from rural to urban areas.

### C. Institutional support

49. Policy, programme and project implementation require much backstopping from a wide range of government institutions and state-owned enterprises. Government ministries, from finance and planning to health and local government would have to reorient themselves towards the attainment of this new policy priority. As things stand in African countries, far too much attention is paid by government to the formal sector wage economy, to the detriment of the rural/agricultural sector or the informal sector. And yet, at least for the present, it is the productivity of the rural/agriculture sector that determines the overall performance of the formal and informal sectors in most African countries. Revitalizing productivity within that sector would therefore be the most logical starting point in any national or regional effort to revive the African economy. And, since in most of Africa's agriculture, labour carries the lion's share in productivity, over capital, it is only by creating the stage for labour to be more productive that African countries can hope to raise productivity levels within the economy.

50. In what now follows a brief review is made of the type of institutional support required to maximize the utilization of human resources in African economic production:

#### (a) Education and training

51. As has so often been said and repeated, formal education and training systems in Africa lend towards the unemployability of the young either in the rural/agricultural sector, or in the formal sector wage economy; the former because



teaching and learning in the school system creates attitudes and aspirations that turn away the young from agricultural labour; the latter effect is brought about by the very basic reading and writing skills that primary and secondary school graduates seem only to have to offer employers. This is a situation which is normally corrected through training either in vocational and technical training institutions or on the job. Facilities for correcting the skills gap in this way are inadequate in African countries. The result is that new labour force entrants from the school system in African countries have to spend long periods in open unemployment, waiting for opportunities for training on the job or to gain acceptance into a training institution. In 1984, some 3 million openly unemployed people were youths who had spent at least six years in formal schooling but who did not possess the skills required by employers.<sup>24/</sup> Over 90 per cent of these "educated" unemployed come from the African primary school. Most of the remaining 10 per cent come from secondary schools, but over the years a growing incidence of university graduate unemployment is being observed in African countries. Part of the reasons for this is the economic downturn and the subsequent depressed demand for labour in the employment market, but most of it results from the mismatch between skills available and skills required by employers. In certain African countries, vacancy rates of as high as 40 per cent coexist with high "educated" unemployment rates. It is also well known that expatriate employment has increased within the region as a result of the need to fill the skills gap in African industry, services and government.

52. The solution to this contradiction lies in curriculum reform in educational institutions as well as in the provision of more opportunities for training within the continent. Training to meet the new objectives for agricultural development must also be provided to the African farmer, pastoralist, fishermen and rural workers. Agricultural extension services should therefore be improved qualitatively and quantitatively. New training systems must be evolved to provide a larger and more effective number of community change-agents.

53. Managers of the economy themselves require training to change their attitudes towards economic management and to provide them with new skills with which to facilitate efforts to attain the new development objectives.

#### (b) Financial resource allocation

54. The bulk of agricultural loans and credit in African countries goes to the small-holder for the production of cash crops, or to the big-time farmer to support his investments in plantation agriculture or in highly mechanized production activities. Subsistence farming and food crop production are for the most part neglected by agricultural loans and credit institutions. Those involved in these activities are mainly women who have to make do with whatever may be available to them by way of inputs to increase their productivity against difficult odds. Part of the result of such support policy has been the food crisis in Africa. Evidently, loans and credit, either in cash or in the provision of production inputs such as fertilizer, seeds, pesticides, etc., should be directed much more than hitherto to support

production activities of the small-holder farmer, the pastoralist and rural women, if productivity levels are to be increased among that segment of the rural labour force. Further interest rates should be such as not to act as a disincentive to borrowing. Policies on producer prices also need to be realigned along the objective of attaining food self-sufficiency and security within the region. At present food prices are so low as to result in encouraging the farmer to prefer to produce export crops. This practice has contributed significantly to the decreases in food production within the region. Provision for distribution and marketing of agricultural produce must also be improved. This would require providing facilities for transport, storage, refrigeration and purchase of agricultural goods.

55. For the informal sector, credit facilities have to be improved in recognition of the value and importance of that sector in providing employment and in producing goods and service. Providing loans and credit facilities to small-time entrepreneurs and employers in the informal sector could allow them to make investments of the type that would expand services, increase productivity and provide for more employment opportunities within that sector.

56. Instituting programmes which would result in a better utilization of human resources within the continent calls for the infusion of large amounts of capital into development projects. Already, the recurrent and capital budgets of African Governments are pretty tight as a result of the poor performance of African economies over the years, the hostile international economic situation and the reductions in development financing assistance. However, the situation is not all that hopeless, and African Governments will, in any case, look for ways of embarking on this new development path if they wish to guarantee the survival of their people. Much of what has to be done required only a shift of emphasis on programme financing. For example, resources could be moved away from relatively less critical areas such as security and defence to support the effort to revitalize agricultural production; certain fiscal measures could be applied; and investment policies could be reconsidered so that they become more acutely directed towards raising agricultural productivity levels.

57. External aid and development financing assistance could be renegotiated so that the bulk of resource flows into the continent is used to support revitalization programmes and projects. Certain financial leakages could be minimized and the savings thus made used to support agricultural and industrial development projects.

#### (c) Strengthening of institutional capabilities

58. Institutional capabilities within the region must of necessity be improved upon if government interventions are to have a quick and lasting impact on efforts to maximize human resources utilization. This means that efficiency must be increased in management, planning, resource procurement and supply, project formulation, appraisal and implementation. All this requires a number of people with certain types of skills and attitudes.

59. The first area of action calls for the development of employment planning and management capabilities. All African countries have ministries responsible for labour and employment. As in many areas of the public service, these labour ministries still cling on to the roles created for them by their ex-colonial masters. They are preoccupied with worker welfare and trade union concerns in the formal sector wage labour market. They work almost exclusively to prevent the disruption of industrial production through strikes and slow-downs, perform arbitration functions between workers and employers, preside over the negotiation of contracts and wage levels and enforce government labour legislation. Only a few of them are active in promoting worker education and training. These are custodial functions which respond to needs of the present workforce. As far as the needs of the future workforce are concerned, African ministries of labour are in general not so oriented as to provide a vital service. Employment planning capacities and capabilities are inadequate or non-existent in the region's labour ministries, little concern is shown for worker productivity; and there is hardly any evidence to indicate that subsistence/agricultural and informal sector workers are considered as part of the labour force, making daily and significant contributions to national wealth. African countries do not know the size of unemployment and underemployment within their economies nor do they show proof of concern over the opportunity cost of misutilization of human resources.

60. The same can be said of ministries of planning, whose most visible output, the national development plan, makes at best, only general statements of intent about employment generation. Most plans within the continent fail to go beyond this to show explicitly how plan implementation will be accompanied by higher levels of human resources utilization.

61. Evidently, unless government policy and executing agencies and institutions have the capability for planning human resources utilization, employment and human resources productivity will continue to be an accidental by-product of the efficiency of other factor inputs. Experience has shown that this does not necessarily turn out to be so: economic growth or aggregate productivity does not always lead to higher rates of employment creation. Because, especially in Africa with current low levels of development, it is easy for the infusion of large amounts of technology and other factor inputs to production to be responsible for growth, while in the process causing a depressed demand for labour. For this reason alone, if not for humanitarian and social reasons, employment planning must emerge as a more active part of the development planning function.

D. Fiscal incentives to increase productivity levels

(a) Industrial expansion

62. Worker productivity can be increased through an overall increase in national economic productivity. In Africa, the industrial sector has the highest average productivity within the economy. But because of its size, it contributes relatively little to GDP, i.e., national productivity. Yet marginal labour productivity in this sector is the highest in the economy, and wage levels are way above average. If this sector were to be induced to expand, it follows that it would lead to higher levels of employment and economic productivity. Fiscal policies can be applied to induce industrial expansion by encouraging private capital investments. This can be achieved by a number of tax incentives: tax holidays through which investors are given a tax-free period to consolidate their investments and increase their chances of making profits; customs duty and income tax relief to ensure that the enterprise is firmly established; subsidies for training and staff development, etc.

63. The advantages that would accrue to an economy in the long run would include higher skill levels in the work force; higher levels of income and a better quality of life; the local production of goods and services thereby obviating or reducing the need for large volumes of imports; an increase in national productivity.

64. There exist also certain disadvantages: fiscal incentives might bring about greater capital-intensity in production and thus undermine the objective of employment creation. Though they may assist in the generation of quick profits, they do not guarantee that these profits will not be repatriated (in the case of foreign investors) rather than be reinvested into the economy. They do not guarantee that investors will not withdraw their investments and transfer their capital when government decides to withdraw the incentives. In Africa, fiscal incentives aimed at attracting investors have not seemed to have achieved their desired economic objectives.<sup>25/</sup>

(b) Incentives for productivity in the subsistence/agricultural sector

65. In the subsistence/agricultural sector, incentives for increasing productivity are generally more elusive. Policy options in this regard might take a number of forms: direct market intervention, through the control of prices and quantities of goods; tighter control on or redistribution of the factors of production: land and capital. An extreme application of this measure would be the expropriation of wealth and capital. through steep progressive tax measures directed at landowners and rural capitalists or confiscation of land and other property through land reform or nationalization; provision of public services to the rural population by applying fiscal policies to expropriate resources from higher (urban) income groups for the provision to rural

populations of irrigation schemes, water supply, proper sanitation and subsidized prices for inputs such as seeds, fertilizers, pesticides, etc.; expenditure-oriented policies which are intended to affect factor prices indirectly, particularly wages paid to low-income, unskilled workers.

66. Government market intervention can take the form of price controls for both producer and consumer prices; quantity controls to ensure that only the right quantities of the essential commodities are available in the market; or tax subsidy incentives. The latter can assume several forms: input subsidies can be a form of tax-waiver for the peasant; price control, fixing producer prices at a favourable level for the producer can also act as a tax subsidy as can a direct subsidy to the former which would result in raising the real price of his product. Tariffs and export taxes can also be manipulated to encourage peasant productivity.

67. Labour market imperfections that favour the urban wage labour market over the rural/subsistence would naturally accelerate the drift of labour from rural to urban areas. Such an effect would increase the rural worker's marginal productivity, in view of the current prevalence of underemployment in that sector, but might depress the marginal productivity of the urban worker. However, since the majority of the labour force in African economies is concentrated in rural areas, it is not in the interest of national productivity to deplete labour from that sector. The objective rather should be to increase total and average productivity within it by providing the types of fiscal and other incentives already mentioned.

68. Tighter controls on, or redistribution of the factors of production might require measures such as taxation, land reform or nationalization. Progressive taxation in African countries affects a small segment of the population, albeit that fraction that owns and controls the lion's share of the national wealth. So that taking from these to provide subsidies to peasants or public services to promote an increase of their productivity is a most effective way of redistributing national resources so that they impact favourable on productivity in the larger economic sector. Care should be taken to avoid a counter-productive outcome; in the process of increasing progressive tax rates, government might discourage investors in the modern industrial sector from wishing to make more investments; also wage-earners and salaried workers in the formal sector might be hard hit thereby jeopardizing national efforts to increase their productivity through incomes incentives. A way out of this dilemma might be to devise a system which would achieve a balance between what the urban formal sector can give without affecting incentive levels, and what is needed to boost productivity in rural areas.

(c) Expansion of public services

69. As has been indicated earlier, there are a number of factors that affect worker productivity: health and nutrition, skill levels, etc. A healthy worker is a more productive worker, and a well-fed worker is able to produce much more than a malnourished one. In like manner, a worker with higher levels of skill is more productive than one with lower skill levels. Any government measures that result in the development of the work force to healthier and higher skill levels would be contributing directly or indirectly to raising productivity. Therefore, the provision of schooling and other educational facilities, the construction of health centres, the improvement of sanitation are all types of government intervention through fiscal incentives to promote productivity among the workforce.

70. In pockets of heavy unemployment and underemployment, government may decide to spend public funds to institute employment-generation public works projects. To the extent that these projects employ large numbers of unemployed and unskilled - and therefore unproductive workers - to that extent, they contribute to economic efficiency. Since the initial capital outlay for those projects must have come from revenues accrued from taxes, they amount to the haves contributing something to increase productivity of the have-nots; and since the completion of the projects - feeder roads, hospitals, dams, etc. - will contribute to eliminating some aspect of low productivity, they could have constituted, in the long run, an implementation of fiscal policy to raise productivity.

V. SUMMARY AND CONCLUSION

71. The human resources utilization record in Africa is not very impressive. Open unemployment levels are high and growing within urban centres and throughout the formal sector wage labour market. In rural areas underemployment continues to be an intractable problem. All indications are that it also will worsen in the years ahead. Urgent action is required of African Governments if this poor utilization of human resources for economic productivity should not emerge as the single biggest long-term constraint to Africa's development.

72. In all this, it must be recognized that there are no immediate solutions to employment and human resources utilization problems. Solutions can only be effective and lasting if they are evolved and applied within a wider objective of productivity enhancement. It is for this reason that it is difficult to prescribe immediate measures to reduce unemployment or improve the management of human resources; for what in the past was thought to constitute short-run solutions to the unemployment problem turned out only to delay its emergence, not to eradicate it.

73. Fundamental development policy orientation is called for, so that Africa evolves a human resources induced development strategy, thus making human resources the principal engine and beneficiary of socio-economic transformation on the continent. Investment and employment generation programmes and projects will have to be developed to translate this policy objective into reality on the ground; and resources should be more rationally channelled towards facilitating the attainment of these objectives.

74. Alongside these changes must go a reorientation and revamping of existing institutional structures. Planning for optimizing the use of human resources in development should now emerge as a central function of government institutions charged with the responsibility of monitoring human resources within the economy.

75. Without all these changes, African human resources will continue to be a hindrance rather than an asset to this continent's socio-economic development efforts.

FOOTNOTES

1. See P. Mdegwa and J.P. Powelson in Employment in Africa. Some Critical Issues, ILO, Geneva, 1973
2. See Louis Roussel in Employment in Africa. op.cit
3. See ILO, World Employment Programme
4. ECA estimates and projections, 1983 and 1984
5. Ibid
6. See United Nations Secretariat, op.cit., table 5
7. UNECA estimates, 1985
8. UNECA, ECA and Africa's Development 1983-2008: A Preliminary Perspectives Study, Addis Ababa, 1983, p. 23
9. See United Nations, "Critical economic situation in Africa", New York, 1984 p.4
10. Adebayo Adedeji, "Africa's current economic crisis and the prospects for 1985", Addis Ababa, December 1984, pp. 5-7
11. United Nations, "Critical Economic situation in Africa", op.cit. p. 4
12. See World Bank, World Development Report, Washington D.C. 1983. Also MAPIN, African Public Services, Challenges and a Profile for the Future, New Delhi, 84
13. World Bank, op.cit. p. 103
14. See ILO, Employment growth and basic needs: A one-world problem, Geneva, 1976, p. 130
15. World Bank, op.cit P. 105
16. OAU: "Political impediments in the development and utilization of high-quality human resources: The African refugee factor", paper presented to the second Conference of Ministers Responsible for human Resources Planning, Development and Utilization, Addis Ababa, 1984
17. UNECA, ECA and Africa's Development, op.cit. p. 23
18. Adebayo Adedeji, op.cit. pp. 8-11
19. See Shaw, Mobilizing human resources in the Arab world, London, 1983, p. 45
20. UNECA, ECA and Africa's development. op.cit. p. 39



21. See OAU/ECA/FAO: Report on the food situation in Africa, doc. no. AIMCF/2(II), Addis Ababa
22. ECA and Africa's Development. op. cit.
23. See OAU/ECA/FAO, op.cit., p. 29
24. ECA estimates, 1984
25. See ECA/DSE: Tax policy as an instrument of economic development  
DSE, Berlin, 1982